

Message Text

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PAGE 01 MEXICO 11164 01 OF 02 312211Z

64

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 7100

LIMITED OFFICIAL USE SECTION 1 OF 2 MEXICO 11164

E.O. 11652: N/A

TAGS: EAIR, US, MX

SUBJ: US-MEXICAN BILATERAL AVIATION AGREEMENT NEGOTIATIONS

1. SUMMARY: EMBASSY HAS RECEIVED REPORTS INDICATING ECHEVERRIA GOVERNMENT MAY BE INTERESTED IN CONCLUDING BILATERAL AVIATION AGREEMENT WITH U.S. BEFORE DEC. 1, 1976 INAUGURATION OF THE LOPEZ PORTILLO ADMINISTRATION. MOTIVATION FOR TESTING THE WATER APPARENTLY IS PLIGHT OF MEXICAN TOURIST INDUSTRY, COUPLED WITH ADMINISTRATION'S DESIRE TO SAVE FACE DOMESTICALLY OVER FAILURE OF ITS LA AVIATION POLICY WHEN IT SHOULD HAVE BEEN TAKING STEPS TO INCREASE AIR SERVICE FROM THE NORTH. EMBASSY BELIEVES USG SHOULD ENTERTAIN A POSSIBILITY OF EARLIER NEGOTIATIONS WITH THE GOM PROVIDED WE RECEIVED SOLID INDICATION THAT TALKS WILL BE FRUITFUL AND WORTH THE USG CHANGING ITS SCHEDULE (ASSUMING THIS IS POSSIBLE) TO ACCOMMODATE THE GOM. IN THE ABSENCE OF SUCH AN INDICATION THE USG SHOULD AWAIT THE ADVENT OF THE JLP GOVERNMENT. IN FACT, THERE MAY BE MERIT IN HOLDING TO THE PRESENT SCHEDULE WHICH CALLS FOR RESUMPTION OF TALKS DURING THE EARLY MONTHS OF THE JLP ADMINISTRATION. END SUMMARY.

2. PAN AM AND WESTERN AIRLINES MEXICO CITY MANAGERS'

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PAGE 02 MEXICO 11164 01 OF 02 312211Z

REPORTS OF CONVERSATIONS HELD WITH DGAC DIRECTOR GENERAL

RODRIGUEZ TORRES AUG. 16 AND 18, RESPECTIVELY, INDICATE GOM MAY BE SERIOUSLY INTERESTED IN NEGOTIATING AND CONCLUDING A BILATERAL AVIATION AGREEMENT WITH THE U.S. BEFORE DECEMBER 1, 1976. RODRIGUEZ TORRES INFORMED PAN AM REP GOM WAS UNDER INCREASING PRESSURE TO REACH AN ACCORD BY THE DOMESTIC TOURIST INDUSTRY. RODRIGUEZ TORRES VENTURED, HOWEVER, THAT HE PERSONALLY DID NOT THINK NEGOTIATIONS WOULD BE POSSIBLE BECAUSE THE USG NEGOTIATING SCHEDULE COULD NOT ACCOMMODATE TALKS WITH THE MEXICANS.

3. TWO DAYS LATER RODRIGUEZ TORRES RELATED TO WESTERN'S REP THAT THE GOM WAS UNDER PRESSURE FROM THE WORLD BANK AND THE IDB TO INCREASE AIR SERVICE FROM ABROAD, I.E. THE U.S., TO CANCUN AND IXTAPA/ZIHUATANEJO, WHOSE DEVELOPMENT COSTS THE TWO INSTITUTIONS HAVE UNDERWRITTEN. WESTERN'S REP STATED THAT APPARENTLY THERE WAS AN UNDERSTANDING AT THE TIME THE LOANS WERE GRANTED THAT ADDITIONAL AIR SERVICE TO THESE RESORT AREAS WOULD BE INAUGURATED BY DATES WHICH HAVE SINCE PASSED. RODRIGUEZ TORRES, HOWEVER, INDICATED THAT FOR THE GOM OFFICIALLY TO REQUEST THE RESUMPTION OF TALKS EARLIER THAN PLANNED WOULD PLACE ITS NEGOTIATING TEAM AT A DISADVANTAGE VIA-A-VIS THE U.S.

4. RODRIGUEZ TORRES' MENTION OF GOM INTEREST IN EARLY NEGOTIATIONS WITH THE TWO U.S. CARRIERS' REPS INDICATED TO THE EMBASSY THAT A) HE WAS INSTRUCTED TO DO SO FROM THE HIGHEST GOVERNMENT LEVELS; AND B) IN DOING SO, THE GOM INTENDED THAT ITS INTEREST BECOME KNOWN TO THE USG. THE MANNER BY WHICH THESE FEELERS HAVE BEEN EXTENDED, PLUS OTHER INFORMATION CONCERNING FONATUR (SEE BELOW), LEADS THE EMBASSY TO BELIEVE THE GOM IS SERIOUS, HOPES FOR A POSITIVE U.S. RESPONSE AND IS SEARCHING FOR A FACE-SAVING MEANS TO OBTAIN USG AGREEMENT TO NEGOTIATE AND REACH AGREEMENT ON A BILATERAL BEFORE DEC. 1. EMBASSY UNDERSTANDS PAN AM REP SUGGESTED TO HIS HEAD-QUARTERS THEY EXPLORE WITH DEPT. POSSIBILITY OF SENDING USG NOTE INDICATING WILLINGNESS TO ENTER LIMITED OFFICIAL USE

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PAGE 03 MEXICO 11164 01 OF 02 312211Z

INTO NEGOTIATIONS RIGHT AWAY.

5. THE QUESTION THAT COMES TO MIND IS WHY THIS INTEREST NOW AFTER SIX YEARS OF GOM INTRANSIGENCE ON A BILATERAL WITH THE U.S. ONE REASON IS TOURISM. THE PLIGHT OF THE MEXICAN TOURIST INDUSTRY IS REAL AND WORSE THAN THE GOM CARES TO ADMIT PUBLICLY. FONATUR HAS BEEN INSTRUCTED, AGAIN FROM THE HIGHEST

LEVEL, AND REPORTEDLY GIVEN A SUBSTANTIAL BUDGET, TO PUT TOGETHER AND IMPLEMENT A COMPREHENSIVE PROMOTION EFFORT TO MAKE 1977 MEXICAN TOURIST YEAR. FOCUS OF THE EFFORT WILL BE ON THE U.S. AND CANADA WHICH ACCOUNT FOR 85 PERCENT OF THE TOURIST MARKET. CONCLUSION OF A BILATERAL AGREEMENT PROVIDING FOR INCREASED FLIGHTS FROM THE U.S. IS CONSIDERED TO BE OF MAJOR IMPORTANCE TO THE SUCCESS OF THE PROGRAM. THIS MAY BE WISHFUL THINKING, HOWEVER, AS MEXICO NO LONGER IS THE BARGAIN FOR TOURISTS IT WAS IN THE 50'S AND 60'S.

6. ANOTHER REASON OFFERED TO EXPLAIN THESE INDIRECT OVERTURES IS POLITICAL. ECHEVERRIA'S AVIATION POLICY HAS BEEN TO HOLD AGREEMENT WITH THE U.S. ON AVIATION MATTERS IN ABEYANCE WHILE HIS NEGOTIATORS ATTEMPTED TO OBTAIN FROM LATIN AMERICAN COUNTRIES FIFTH-FREEDOM AVIATION RIGHTS FOR AEROMEXICO. THE GOM POSITION HAS BEEN TO CHAMPION THE VIEW THAT ANY NEW FIFTH-FREEDOM RIGHTS WITHIN LA SHOULD BE GRANTED TO LA CARRIERS TO EXCLUSION OF OTHERS. HOWEVER, COLOMBIA, PERU AND ARGENTINA, WITH WHOM MEXICO CONCLUDED AVIATION AGREEMENTS, DID NOT BUY THE MEXICAN POSITION, AND AEROMEXICO DOES NOT ENJOY FIFTH-FREEDOM RIGHTS BETWEEN BOGOTA, LIMA AND BUENOS AIRES. HAD THIS POLICY BEEN SUCCESSFUL, PRESUMABLY THE GOM WOULD HAVE BEEN IN A BETTER POSITION TO DEFEND GRANTING ANY ADDITIONAL FIFTH-FREEDOM RIGHTS BEYOND MEXICO CITY TO THE U.S.

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PAGE 01 MEXICO 11164 02 OF 02 312225Z

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ACTION EB-07

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P 312113Z AUG 76

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 7101

LIMITED OFFICIAL USE SECTION 2 OF 2 MEXICO 11164

7. ECHEVERRIA IS RUMORED TO BE EMOTIONAL OVER THE FAILURE OF HIS NEGOTIATORS IN THIS REGARD. THEIR FAILURE IS REPORTED TO BE PARTICULARLY BOTHERSOME TO HIM, SINCE MEXICO HAS NOTHING TO SHOW FOR THE EFFORT. FURTHERMORE, THE TOURIST INDUSTRY FEELS THE LACK OF AN AGREEMENT WITH THE U.S. HAS CONTRIBUTED TO THEIR PREDICAMENT. MOREOVER, SHOULD THE NEW GOVERNMENT CONCLUDE AN AGREEMENT WITH THE U.S. EARLY IN 1977, THIS WILL CAST FURTHER DISPARAGEMENT ON THE ACTIONS OF THIS ADMINISTRATION. APPARENTLY, ECHEVERRIA IS UNCOMFORTABLE ABOUT THIS PROSPECT AND IS SEARCHING FOR A MEANS TO SAVE FACE.

8. ECHEVERRIA HAS REASON TO BE UNCOMFORTABLE. EMBASSY UNDERSTANDS JLP GROUP IS CURRENTLY IN THE PROCESS OF ARRANGING MEETING BETWEEN JLP AND THE PRESIDENTS OF THE SEVEN U.S. AIRLINES THAT SERVE MEXICO TO DISCUSS THEIR PROBLEMS. MEETING IS PRESENTLY PROJECTED FOR MEXICO CITY SEPT. 24 AND WILL BE A SOCIAL GATHERING ARRANGED BY A THIRD PARTY ON NEUTRAL GROUND SO AS NOT TO COMPROMISE JLP. A WORKING SESSION WITH JLP ADVISORS WILL PRECEDE THE MEETING. THAT JLP GROUP HAS TAKEN THIS INITIATIVE APPEARS TO INDICATE AN APPRECIATION ON THEIR PART OF THE IMPORTANCE OF U.S. AIR SERVICE TO THE MEXICAN ECONOMY AND THE NEED TO

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PAGE 02 MEXICO 11164 02 OF 02 312225Z

REACH AN ACCOMMODATION WITH THE U.S. ON LONG OUT-
STANDING AVIATION ISSUES.

9. EMBASSY IS OF THE OPINION IT WOULD BE INADVISABLE FOR THE USG TO RESPOND OFFICIALLY TO THESE INITIAL FEELERS AND SUGGESTS WE AWAIT A MORE DEFINITE SIGN FROM THE GOM AS TO ITS INTENTIONS. WE BELIEVE, HOWEVER, THAT THE POSSIBILITY OF EARLIER NEGOTIATIONS IS WORTH CONSIDERING. IF THE USG NEGOTIATING SCHEDULE PERMITS, THIS FACT COULD BE UNOFFICIALLY BROUGHT TO THE ATTENTION OF THE GOM. HOWEVER, THE U.S. SHOULD REQUIRE A SOLID INDICATION FROM THE LE GOVERNMENT THAT TALKS WILL BE FRUITFUL AND WORTH THE USG CHANGING ITS NEGOTIATING SCHEDULE TO ACCOMMODATE THE GOM. THE GOM RESPONSE THEREAFTER (OR LACK THEREOF) WOULD THEN PROVIDE A CLEAR INDICATION OF GOM INTENTIONS. CONTRARILY, IN THE EVENT USG SCHEDULE DOES NOT PERMIT AND WE SHOULD SUBSEQUENTLY BE APPROACHED BY THE GOM, USG COULD INDICATE THAT WHILE WE CONTINUE TO REGARD THE CON-
CLUSION OF A BILATERAL AGREEMENT TO BE DESIRABLE,

THE PRESENT HEAVY U.S. AVIATION NEGOTIATING SCHEDULE
DOES NOT PERMIT DISCUSSIONS EARLIER THAN PRESENTLY
PROJECTED.

10. THERE IS ANOTHER FACTOR WORTH CONSIDERING.
EARLY SIGNALS FROM THE JLP GROUP INDICATE A DESIRE
TO IMPROVE RELATIONS WITH THE U.S. MOREOVER, THE
JLP GROUP HAS SHOWN SPECIAL INTEREST IN AVIATION
PROBLEMS WITH THE U.S. (SEE PARA 8 ABOVE). THE
DEPARTMENT MAY ALSO WISH TO CONSIDER WHAT MERIT
THERE MIGHT BE IN HOLDING TO THE CURRENT NEGOTIATING
SCHEDULE WITH MEXICO. SHOULD AN ACCORD BE REACHED
EARLY IN 1977, IT WOULD NOT ONLY BE AN IMPROVEMENT
IN OUR RELATIONS, BUT COULD BE REPRESENTED AS SUCH.
OF COURSE, THERE IS NO GUARANTEE THAT THE JLP
ADMINISTRATION WILL BE OF ANY MORE REASONABLE WITH
RESPECT TO AVIATION NEGOTIATIONS THAN THE PRESENT
GOVERNMENT HAS BEEN.

11. DEPARTMENT'S VIEWS AND GUIDANCE ARE REQUESTED.
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PAGE 03 MEXICO 11164 02 OF 02 312225Z

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